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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000043

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TAGS: [FAIR](#) [ECON](#) [PREL](#) [CH](#) [TW](#)

SUBJECT: CROSS-STRAIT CHARTER FLIGHTS - STILL TAXIING,
TURBULENCE AHEAD

REF: A. 04 TAIPEI 2320

[B](#). 04 TAIPEI 3523

[C](#). 05 BEIJING 323

Classified By: AIT Director Douglas H. Paal, Reason 1.4 (d)

Summary

[1](#)1. (C) Taiwan's Mainland Affairs Council (MAC) asked Taiwan airlines to conduct cross-strait Lunar New Year charter flights and authorized the Taipei Airlines Association (TAA) to negotiate arrangements for such flights with the PRC. MAC is prepared to arrange a TAA-led delegation to travel to the PRC as soon as January 8 to begin negotiations. The Taiwan government has not authorized KMT Legislator Chang Hsiao-yen to negotiate for Taiwan. Participation of Chinese airlines, unofficial participation of government officials in negotiations, and flight paths could yet turn out to be obstacles that keep charter flights from taking off. (End summary.)

Leaving the Gate

[1](#)2. (U) On Monday, January 3, MAC officials held a meeting with Taiwan airlines to seek their participation in cross-strait Lunar New Year holiday (February 6-13, 2005) charter flights and authorized the TAA to negotiate arrangements for such flights. MAC Vice Chairman Chiu Tai-san told the press that Taiwan would seek direct, two-way passenger charter flights. He asked domestic airlines to file applications with Chinese authorities "in the proper manner at the right time."

[1](#)3. (C) MAC Vice Chairman David Huang told AIT/T poloff January 4 that MAC is prepared to arrange a delegation under the auspices of the Taipei Airline Association (TAA) to discuss the possibility of Lunar New Year cross-strait charter flights. The delegation would include Taiwan government officials acting in an unofficial capacity and could leave Taiwan as early as January 8. Huang emphasized Taiwan's intention to implement charter flights under the "Hong Kong model" used to negotiate the 2002 Taiwan-Hong Kong Aviation Agreement (ref A). He said that despite PRC insistence that there be no Taiwan-PRC government-to-government contact, the "Hong Kong model" would allow government officials from both sides to negotiate at the same table without official status.

[1](#)4. (C) Huang rejected the possibility of implementing charter flights under the model used to arrange such flights in 2003. That year Taiwan airlines applied directly to PRC aviation authorities to conduct flights, with no direct negotiations ahead of time. PRC airlines were not permitted to conduct charter flights. Huang said that 2003 set a bad precedent because private airlines bypassed Taiwan government officials to deal directly with the PRC. He also cited the financial concerns of carriers as justification for discarding the 2003 model. However, regardless what method is used to implement charter flights, Taiwan airlines are still likely to lose money providing the service since most travelers have already booked conventional flights for the period (ref B).

Jumping Ahead

[1](#)5. (C) Taiwan press reported that KMT Legislator Chang Hsiao-yen, who took credit for arranging the 2003 charter flights, would depart for Beijing on January 8 to discuss charter flights with PRC government officials. According to the report, he met with Taiwan airlines on January 5 to invite their representatives to accompany him, but the airlines rejected his offer because he has no official authorization from the Taiwan government to negotiate with the PRC. MAC's Huang confirmed that Chang has no authority to participate in such negotiations, and suggested that many would try to take credit for the charter flights. Chang's office told AIT/T that he is planning to travel to Beijing on the 8th but had no details about his itinerary, what he would do, or who would accompany him.

[1](#)6. (SBU) Taiwan media also reported that Michael Lo, Chairman

of the Taipei Airlines Association (TAA) and President of Mandarin Airlines would travel to Beijing on January 6 to meet with PRC airlines to discuss charter flights. According to the media, only TAA Secretary General Solo H.J. Su would accompany Lo because MAC officials wanted to keep the delegation small and the visit low-key. However, when contacted by AIT/T, Lo's office denied that Lo and Su had any plans at this time to travel to the PRC. His staff told AIT/T that Lo and Su were in a meeting in Taipei regarding charter flights that might yield instructions on how to proceed. MAC Economic Fu Don-cheng told AIT/T that the story was absolutely false and that MAC was waiting for a response from the PRC before approving a delegation to travel.

17. (SBU) A third report indicated that Xiamen Airlines had already been approved by Hong Kong authorities to conduct charter flights that would pass through Hong Kong airspace enroute to Taiwan. According to the report, the airline only lacked Taiwan approval to implement flights. MAC Senior Secretary Lee Li-Jane told us that regardless of what

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preparations had been made by any PRC airlines, absolutely no applications to conduct charter flights would be accepted until the Taiwan and the PRC had conducted some form of negotiations to determine how the flights would be implemented.

Comment - Bumps Ahead

18. (C) Three key issues could become obstacles to successful implementation of charter flights. First, authorizing PRC airlines to participate could prove difficult. While a system for Taiwan airlines applying for charter flights was already worked out in 2003, there was no reciprocal arrangement for PRC airlines. Taiwan's Civil Aeronautics Administration (CAA) Planning, Legal and International Affairs Branch Chief Chou Su-hwa told us that CAA might simply be able to apply its charter application procedures for "other territories" airlines to PRC airlines. However, this has never been tried, and time is growing short. Taiwan airlines have representative offices in several PRC locations that can coordinate charter flight preparations, but PRC airlines do not have similar representation in Taiwan.

19. (C) Another more important issue will be the model used to negotiate details for the flights. Taiwan's government sees direct negotiations between government officials, even under the auspices of a private organization, not only as a necessary step in implementing charter flights, but also as an important political victory for Taiwan. Both sides have indicated that the "Hong Kong model" can be used to negotiate the charter flights, but could still differ on what they interpret the "Hong Kong model" to be. If the PRC attempts to exclude government officials from negotiations or insists on the model used to implement the 2003 Lunar New Year charter flights, Taiwan may refuse to participate.

110. (C) Finally, charter flight paths could also be a deal breaker. Ref C reports that Beijing will likely insist that the charter flights fly directly between Taiwan and PRC airspace. Taiwan may require the planes to pass through the airspace of a third territory, such as Hong Kong, Macau or Japan. CAA's Chou told AIT/T that there is no technical justification for requiring flights to pass the airspace of a third territory. Nevertheless, MAC's Huang told poloff that Taiwan would seek to impose such a requirement. (End Comment.)
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